

# NOW PAY YOUR TAX

## Income Must Be Paid to Collec- tor Pratt.

The income tax having been held legal and valid by the Supreme Court of Hawaii preparations for its collection are already being made by Assessor Pratt. Returns have been made by seventy-five per cent of the people of Honolulu who come within its provisions according to the estimate of Mr. Pratt and the remainder began coming in with their returns yesterday.

No decision has been reached as to the possibility of an appeal from the decision and the attorneys who made the test expect the collector to now proceed with the collection of the tax, this having been one of the agreements in the submission of the case. As the Supreme Court has held the law to be valid, nothing remains to be done, but the payment of the tax, which it is expected will begin immediately.

The income tax law was taken seriously by but few people. Most of the men liable to the tax made their returns, not with the anticipation of paying the tax, but because the law said they should make return, and they were of the opinion that the tax would not have to be paid in any event. The decision of the Supreme Court puts an entirely new face on the situation. The men who made no return now find that they are much worse off than if they had complied with the law. The assessor is given the power to make the assessment himself and from his decision there is no appeal. Returns are still being received at the tax office, but they cannot be sworn to, though they will be used in a measure as a guide by the collector in making up his books. The tax is payable on or before November 15th, after which time penalty of ten per cent is added, the whole tax drawing at nine per cent until paid.

### AS TO THE APPEAL.

A. Lewis, Jr., who was one of the attorneys in the test cases before the Supreme Court said yesterday that further action in the matter was still a question of doubt. "We have not considered the matter at all," he said, "there has been no meeting as yet of the parties interested in the test of the law, and until they have met and discussed the question, our course as to future action will not be known. If an appeal is taken it will be to the Supreme Court of the United States."

### PREPARING TO COLLECT TAX.

Collector Pratt began yesterday to prepare for the collection of the income tax and is shifting his office force about to best take care of the rush when it comes. Very little extra help will be added, but promotions will be made within the office of clerks who have proven their ability. The new clerks to be added will take the places of those who are promoted. The books will be made up as rapidly as possible, and payment of the tax can be made at any time now up to November 15th, when it becomes delinquent.

"We will go right ahead now and collect the tax," said Assessor Pratt yesterday. "The force will be increased slightly to take care of the extra work, by promotions within the office; and the subordinate positions will be filled by the new appointees. The blanks and books required are now being prepared, and we will be ready to receive the money as fast as it is tendered. We have collected several hundred dollars of the income tax already, and I expect payment of the tax to begin immediately. Some of the people who are going away have paid the general tax already, and no doubt the income tax will now be paid by persons who are about to leave the city."

"About seventy-five per cent of the people liable to the tax have made returns, and the remainder are rapidly coming to time. Quite a number of returns were made today. Of course these cannot be sworn to, under the law, but they are accepted and placed on file, not as sworn statements, but to be used as a guide in making up the books. Persons who make no returns of any kind will have the assessment fixed by the assessor upon what evidence he can find. For instance, it is easy to learn the amount of salary paid a man, from his employer's return of the entire amount, while in fact he might be entitled to some exemption under the law. There is no appeal in a case of this kind from the action of the assessor, as there is where a voluntary and sworn statement was filed."

"If an appeal to the Supreme Court of the United States is to be taken, I hope we are notified immediately, as preparations are in progress for the collection of the tax. Books are being prepared, extra help is required and a considerable amount of preliminary work is to be done, getting ready for receiving the tax. This extra expense and work will not be incurred if a further test is to be made."

### A HOME RULE PROPHECY.

What Independent Says Will Come of Humphreys' Affair.

We believe that those who hope for Judge Humphreys' dismissal from the bench by the President will find themselves disappointed. He will return to his office and within two or three months he will resign as the result of a gentle hint to him that his resignation would be agreeable to an administration which deplores the lack of harmony evident here since his appointment.

Humphreys will then go into active politics and we believe he has already mapped out his plans for the establishment of a Hawaiian party. While the race question will not be mentioned in so many words, he will gather the Hawaiian voters around him and use the slogan "Down with the missionaries; Hawaii forever." His strongest card is, however, that he will enlist the Federal officials in his party and their presence in the Hawaiian party will be used to

# EXPERT WRITES ON PAYING THE PUBLIC DEBT OF HAWAII

The following appears in Rand & McNally's Banker's Monthly:

The Treasury Department has recently been discharging the financial obligations which the United States Government assumed on annexation of the Hawaiian Islands, on July 7, 1898. By the fact of annexation the United States Government considered it only fair that it should assume a large part of the indebtedness of the Republic of Hawaii then existing, and on March 3, 1901, Congress appropriated an amount not to exceed four millions of dollars with

which to pay a large part of the bonded indebtedness of the former republic, which included an amount sufficient to pay the sums on deposit in the Hawaiian Postal Savings Bank to the persons entitled thereto. The deposits in the Postal Savings Bank amounted to \$764,570.31, the number of depositors being 9,049, or an average of \$84.49 each, the nationality of the depositors and the amounts due being shown by the following table:

Nationality.	Number.	Amount.	Average.
American.....	267	\$ 70,337.38	\$191.65
British.....	247	68,029.42	196.02
German.....	277	83,865.64	300.98
Hawaiian.....	1,033	104,126.66	100.61
Portuguese.....	433	143,213.88	330.75
Chinese.....	8,448	235,532.85	27.88
Sundry nationalities.....	142	29,432.86	207.27
Postal certificates.....	.....	25,763.72	.....
Warrants outstanding and interest paid on accounts closed to June 30, 1900.....	.....	2,287.10	.....
Total.....	9,049	\$764,570.31	\$84.49

The great majority of these demands were liquidated during the last six months in the year 1900, and at this time the payments have been nearly completed. The balance of the \$4,000,000 appropriated, amounting to \$3,235,429.69, represented a large proportion of the bonded debt contracted by the monarchy previous to 1893, when that institution was overthrown, and bonds is-

ued by the Republic of Hawaii since that year. The bonds issued by the monarchy amounted to \$2,477,700, representing six issues between August 5, 1882, and September 7, 1892. Only two issues of bonds had been made by the Republic of Hawaii since 1893 up to the time of the annexation, and amounted to \$1,212,000, the total debt being \$3,689,700. The several issues are represented by the following table:

	6 per cent.	5 per cent.	4 1/2 per cent.
Redeemable after 1887, payable in twenty-five years, act Aug. 5, 1882.....	\$ 34,200	.....	.....
Redeemable in and after 1897, payable in twenty years, act Oct. 15, 1886.....	2,000,000	.....	.....
Redeemable after 1893, payable in twenty years, act Aug. 15, 1888.....	100,000	.....	.....
Redeemable after 1895, payable in ten years, act Aug. 6, 1890.....	\$ 29,100	.....	.....
Redeemable after 1895, payable in ten years, act Oct. 24, 1890.....	95,000	.....	.....
Redeemable after 1897, payable in twenty years, act Sept. 7, 1892.....	69,200	50,200	\$ 10,000
Redeemable in 1898, payable in twenty years, acts Jan. 11 and Feb. 18, 1893.....	650,000	.....	.....
Redeemable in 1901, payable in twenty years, act June 30, 1896.....	.....	562,000	.....
Total.....	\$3,038,400	\$641,200	\$ 10,000

By the terms of the joint resolution approved July 7, 1898, the Hawaiian Government was required to pay the interest on the bonded debt so long as the then commercial relations between the United States and Hawaii were continued. This obligation on the part of the Hawaiian Government ceased on June 15, 1900, when the act to provide a government for the Territory of Hawaii was made effective. After that date the interest was unprovided for, and the Secretary of the Treasury assumed that, under a fair construction of the resolution providing for the annexation of the islands, it was incumbent upon the United States Government to pay the interest accruing after the date of annexation. Accordingly, a sum amounting to \$192,105 was appropriated to pay approximately one year's interest on the debt assumed by the United States, less the payments made to liquidate the deposits in the Hawaiian Postal Savings Bank.

All of the bonds issued by Hawaii bore a percentage of interest large when compared with bonds issued by other governments. More than \$3,000,000 of the issues bore 6 per cent interest; \$641,200, 5 per cent interest; and only \$10,000 at a lower rate, or 4 1/2 per cent. As above stated, on March 3, 1901, an appropriation of \$3,235,429.69 was made to enable the Secretary of the Treasury to redeem bonds amounting to that sum. It was not until April, however, that active steps were taken to pay the obligations assumed by the United States. It could not be ascertained by the Treasury Department in whose possession the bonds were, because all of the issues were of the coupon variety, which are paid to the holders thereof, the holding being prima facie evidence of ownership. However, it was found that about \$1,000,000 of the bonds were held by several banking houses in San Francisco.

Agents of the Treasury Department left San Francisco in April for the purpose of redeeming the bonds held in the hands of the Hawaiian citizens, and showed the Hawaiians that the sympathy of the administration is with those who gather under Humphreys and yell "Down with the missionaries."

The party will of course be Republican and Humphreys will be elected to the Legislature by the vote of the great number of Republicans who, without loving Humphreys too well, consider his hatred of the planters and the missionaries—synonymous words—the only redeeming feature in his character. We do not know the plans of Judge Humphreys but when playing chess, either on the wooden chessboard or on the political one, it is always well to study what the adversary may do, so as to judge what line of action you will adopt yourself. Time will tell; the prophet has spoken.

### THE LEASE SYSTEM.

Would Not the Fee Simple Plan Pay Better?

"I don't believe the leasehold policy is the best policy in specific cases," says Lincoln McCandless. "The Government, I understand, will offer the Hackfeld tract at Hilo for sale, as per the request of that firm, at an upset price of \$20,000. Heretofore the land has earned a rental of \$200 per year. Now with a \$20,000 building on it, it will pay in taxes \$400 per year and give the Government \$20,000 beside for public improvements. That makes me think that the sooner the Government lets go of the leasehold system in this city, especially on the Esplanade, the better for the Treasury. It will be better for progress, also, for a rule people make finer improvements on land they own than even on land they hire for a long time."

A storm sewer is being put in on Nuuanu street from King toward the waterfront.

islands and in the United States. For the purpose of liquidating the bonds held in Honolulu, a sum amounting to a million and a quarter of dollars was drawn from the Sub-treasury at San Francisco and shipped to the former city, while those held in San Francisco were redeemed through the Sub-treasury in that city. It was necessary that all the bonds which were to be redeemed should be sent to the Treasurer of the Territory of Hawaii for verification and certification to the agents before they could be paid. After this was done and the interest computed on each bond, certificates were issued by the agents in the name of the holders in Honolulu, and they were paid through the First National Bank of Hawaii. The holders of the bonds held in San Francisco were paid through the Sub-treasury on the certificates of the agents entitling them to payment.

Over \$1,000,000 of the amount paid in Honolulu was disbursed to four banking institutions. The appropriation for the payment of the Hawaiian Postal Savings Bank deposits having been made more than a year ago, holders of the bonds seemed not to be certain when they would be redeemed by the United States Government, and during the year 1900 the bankers of Honolulu, seeing a good measure of profit in the transaction, purchased the bonds from the bondholders considerably below their par value, thus realizing for themselves a good profit.

Besides the bonds which have been redeemed in Honolulu there is a loan outstanding amounting to \$200,000, which is held in London. This portion of the debt of Hawaii, which is included in the amount appropriated for the redemption of the bonded debt, is not payable until the end of this calendar year, when payment will be made in the British capital.

It may be added that the various governments of the Hawaiian Islands have always met the interest charges on its debts promptly and fully.

WALTER W. LUDLOW.

# OPPOSED TO THE AGITATION

Delegate R. W. Wilcox is opposed to the continuation of the agitation by the Independents against the Governor. He believes that there is no good which may come from it, and that there will be nothing done at once in the case, so that a following of this course will be effective only in that it may bring about a feeling at Washington which will hurt the chance of the Islands to secure what is needed during this winter.

Mr. Wilcox said yesterday that there could be no good result from the consideration of the name of David Kawananakoa for governor, as he was too well known as a Democrat, and as there is a Republican administration at Washington, there could be no other than a Republican appointed to the governorship, should Governor Dole resign.

Other leaders of the Home Rulers are of the opinion that it would be unwise to go on with their attacks upon the Governor, and it is probable that the meeting of this week will be as mild as it once promised to be wild.

GOOD MEDICINE FOR CHILDREN.

If you have a baby in the house you will wish to know the best way to check any unusual looseness of the bowels, or diarrhoea, so common to small children. O. P. M. Holliday, of Deming, Ind., who has an eleven months' old child, says: "Through the months of June and July our baby was teething and took a running off of the bowels and sickness of the stomach. His bowels would move from five to eight times a day. I had a bottle of Chamberlain's Colic, Cholera and Diarrhoea Remedy in the house, and gave him four drops in a teaspoonful of water and he got better at once." For sale by Benson, Smith & Co., Ltd., general agents, H. T.

# CHIEF M'LENNAN'S HAWAIIAN REPORT

Payment of Our Bonds—Cable Needed—Local Party Discord.

WASHINGTON, Aug. 12.—W. F. McLennan, chief of the warrant division of the Treasury Department, has returned from Honolulu, where he went to carry out the law of Congress providing for the payment of the Hawaiian debt. The debt amounted to \$1,186,400. The United States Government assumed the payment of \$1,000,000 worth of bonds.

"These bonds," said Mr. McLennan today, "were of different varieties, including the 5-20 and 10-30 year classes, bearing interest at 4 1/2, 5 and 6 per cent a year. Embraced in the Congressional resolution annexing the islands was a provision contemplating their payment by the United States, but it was only at the last session of Congress that the necessary funds for their liquidation were appropriated. The holders of the bonds were located at various places throughout the country and in London. Payment was made through the First National Bank of Hawaii, located at Honolulu, and of the \$1,000,000 worth authorized to be discharged, all was paid with the exception of \$25,000 in bonds, which still remain unrepresented by the holders. Many of these bonds were held by residents of the United States."

In speaking of observations he had made upon his trip Mr. McLennan added: "From what I saw the Hawaiian Islands will cost the United States a vast sum of money before they are completely Americanized. American institutions, while making rapid inroads, are not yet as thoroughly established as they might be, but, of course, it requires time for such developments, and, altogether, the progress made in this direction is satisfactory. While Hawaii will cost this Government a great amount of money there is everything to lead to the belief that we will receive in return equal benefit in one form or another as an inevitable result."

"One thing must be accomplished in this connection, however, and the sooner the better. That is the laying of the Hawaiian cable. There is a general demand for this instrument of rapid communication throughout the islands. Business interests demand it and the people are extremely desirous of securing it. "A subject that has been attracting a great deal of attention throughout the islands recently is the discord that exists between the Executive and Legislative branches of the local government. It seems that the native element predominates in the territorial Legislature, and its policy and action in the past have not agreed with that of the more progressive or American element, which is in the minority. Recently, the Governor of the territory submitted to the Legislature a number of local appointments, and owing to native opposition some of them failed of confirmation. The action of the Legislature, therefore, was not of a harmonious nature and caused considerable feeling throughout the islands. The Legislature adjourned some time ago without taking action on some of these nominations, but will be made to effect complete harmony between the two branches of the government involved."

### Building is Brisk

Yesterday was a banner day for building permits. Ten were issued altogether, which is said to be the largest number for one day in the history of the department. Most of the permits were for small dwellings, of which quite a number are now being built. There is a demand for cottages in Honolulu and it is being supplied by new buildings. On an average about sixty permits are issued monthly, and of this number fully one-fourth have been for small cottages and residences, recently. Of the permits applied for yesterday only one was for anything besides a frame structure, that of H. L. Kerr, who is going to erect a two-story brick store building on Nuuanu street between King and Queen streets.

### NOTICE

ALL PERSONS ARE HEREBY warned from trespassing on the lands of the undersigned, situate in North Kona, Island of Hawaii, and more particularly the lands known as Kaumakumu, Hualaia and Kaunakakai.

J. A. MAGUIRE.

Huehue, North Kona, Hawaii, June 1, 1901.

2289, to Aug. 30.

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